

# SENATE BILL REPORT

## SB 6674

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As Reported By Senate Committee On:  
Early Learning & K-12 Education, February 07, 2008

**Title:** An act relating to authorizing certain school districts and educational service districts to designate a district treasurer.

**Brief Description:** Authorizing certain school districts and educational service districts to designate a district treasurer.

**Sponsors:** Senators McAuliffe and Tom.

**Brief History:**

**Committee Activity:** Early Learning & K-12 Education: 2/7/08 [DPS].

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### SENATE COMMITTEE ON EARLY LEARNING & K-12 EDUCATION

**Majority Report:** That Substitute Senate Bill No. 6674 be substituted therefor, and the substitute bill do pass.

Signed by Senators McAuliffe, Chair; Tom, Vice Chair; King, Ranking Minority Member; Brandland, Eide, Hobbs, Holmquist, Kauffman, McDermott, Weinstein and Zarelli.

**Staff:** Kimberly Cushing (786-7421)

**Background:** Under current Washington law, only county treasurers can manage and invest the various funds used by school districts and educational service districts (ESDs). The duties of a treasurer include receiving and depositing all funds, issuing and paying warrants and checks, making investments, keeping records of all withdrawals and deposits, and issuing statements. School districts and ESDs pay county treasurers an amount set by the county to serve as the ex officio treasurer of the district.

There are 23 school districts with enrollment over 10,000 located in counties with a population over 400,000.

**Summary of Bill (Recommended Substitute):** The board of directors of a school district with enrollment of 10,000 or more full-time equivalent students and located in a county with a population of 400,000 or more is authorized to designate a District Treasurer. The District Treasurer can be the school district, an educational service district, or some other person having experience in financial or fiscal matters. The District Treasurer could also be another school district through an interlocal agreement. The District Treasurer must act with the same powers and under the same restrictions as a county treasurer acting as ex officio treasurer of a school district.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

A District Treasurer must be bonded in an amount and under terms that the board of directors finds will protect the district against loss, but for not less than \$25,000. A school district that acts as its own District Treasurer is authorized to adopt a policy to pay financial obligations by warrants or by checks as long as the fund is solvent at the time the check is issued.

Every ESD board is authorized to act as its own District Treasurer; designate some other person with experience in financial matters to serve as the ESD District Treasurer; or by mutual agreement, serve as District Treasurer on behalf of an eligible school district. An ESD District Treasurer must be bonded in an amount and under terms that the ESD board finds will protect the district against loss, but for not less than \$25,000. An ESD acting as its own District Treasurer or on behalf of a school district is authorized to adopt a policy to pay financial obligations by warrants or by checks as long as the fund is solvent at the time the check is issued.

Changes are made throughout the statutes pertaining to school districts and ESDs to include reference to District Treasurers.

**EFFECT OF CHANGES MADE BY EARLY LEARNING & K-12 EDUCATION COMMITTEE (Recommended Substitute):** Clarifies that nothing in this bill changes the duties of the county treasurer to collect property taxes on behalf of school districts. Clarifies the provisions that allow an ESD to serve both as its own treasurer and as the treasurer on behalf of a school district. Holds harmless the school district treasurer who lawfully makes investments on behalf of the district. Allows school district board of directors to pass a resolution to hold harmless employees and officials of both the school district and ESD when those employees and officials are lawfully acting as treasurer for the district.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony on Original Bill:** PRO: All 23 school districts eligible to choose their own District Treasurer have sophisticated financial systems. This will give larger districts flexibility in choosing who will manage and invest their funds. Cities with smaller budgets than many school districts have their own treasurer. King County makes a profit of \$1.9 million from the school districts. This money should go back to the schools.

CON: Many counties provide financial services to school districts with little cost. Additional costs will be incurred when school districts act as their own treasurer. This is an issue for King County and its school districts; it is not a statewide issue. The county treasurer's role adds value.

**Persons Testifying:** PRO: Senator McAuliffe, prime sponsor; Jake Kuper, Issaquah School District; Grace Yuan, School Investment Coalition; and Mitch Denning, Alliance of Education Associations.

CON: Phil Sanders, King County Treasury Operations; Barbara Stephenson, Kitsap County Treasurer; and Doug Lasher, Clark County Treasurer.